

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF FLORIDA

CASE NO. WDQ-00-2918

UNITED STATES SECURITIES and  
EXCHANGE COMMISSION,

Plaintiff,

vs.

WILLIAM F. MAHON and  
DEAN J. JUPITER,

Defendants.

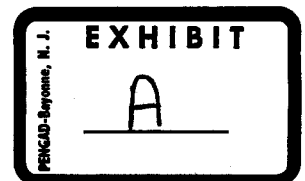
**COPY**

Wednesday, May 5, 2004  
500 E. Broward Boulevard  
Suite 700  
Fort Lauderdale, Florida  
9:44 a.m. to 1:13 p.m.

DEPOSITION OF LAWRENCE W. LEGEL

Taken before Darline M. West,  
Registered Professional Reporter, Notary Public  
in and for the State of Florida At Large,  
pursuant to Notice of Taking Deposition filed  
by the Plaintiffs in the above cause.

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1 APPEARANCES:

2

3 UNITED STATES SECURITIES  
4 AND EXCHANGE COMMISSION  
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6 Suite 900  
7 Chicago, Illinois 60604  
8 Phone: (312) 353-7390  
9 By: CAROLANN GEMSKI, ESQ.  
10 and PAUL A. MONTOYA, ESQ.  
11 On behalf of the Plaintiffs

7

8 LAW OFFICES OF ALAN M. LERNER  
9 2888 East Oakland Park Boulevard  
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11 Phone: (954) 563-8522  
12 By: ALLAN M. LERNER, ESQ.  
13 On behalf of the Defendant,  
14 Dean J. Jupiter

12

13 M. DANIEL HUGHES, P.A.  
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16 Fort Lauderdale, Florida 33306  
17 Phone: (954) 566-3390  
18 By: M. DANIEL HUGHES, ESQ.  
19 On behalf of the witness,  
20 LAWRENCE W. LEGEL

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- - -  
I N D E X

18

WITNESS: DEAN J. JUPITER

19

PAGE:LINE

20 DIRECT EXAMINATION

BY MS. GEMSKI..... 4:5

21 DIRECT EXAMINATION (Continued)

BY MR. MONTOYA..... 128:6

22

23

E X H I B I T S

24

PAGE:LINE

25 Plaintiff's Exhibit 1..... 90:4

1 THEREUPON,

2 LAWRENCE W. LEGEL,  
3 called as a witness on behalf of the Plaintiff,  
4 herein, having been first duly sworn was examined  
5 and testified as follows:

6 THE WITNESS: Yes, I do.

7 MS. GEMSKI: We are on the record at  
8 9:44 a.m. on Wednesday, May 5th. My name is  
9 Carolann Gemski. With me is Paul Montoya.  
10 I'm an attorney and Paul is a branch chief  
11 with the Division of Enforcement of the  
12 United States Securities and Exchange  
13 Commission.

14 Madam Court Reporter, can you please  
15 identify yourself for the record?

16 THE COURT REPORTER: My name is  
17 Darline West. I work for the firm of  
18 Veritext in Miami, Florida.

19 MS. GEMSKI: We are here for the purpose  
20 of taking the deposition of Larry Legel in  
21 the matter of SEC versus William F. Mahon and  
22 Dean J. Jupiter, Case No. 00 CV 2918 in the  
23 United States District Court for the District  
24 of Florida.

25 THEREUPON,

1           A.    He is or was the trustee for a trust in  
2           which Dean was either a beneficiary of or a  
3           grantor of or his family were beneficiaries of.

4           Q.    And what trust are you referring to?

5           A.    I'm referring to two trusts. One of  
6           them is called the Dean J. Jupiter Trust.

7           Q.    And the other is called?

8           A.    The other had a name change. I don't  
9           know what the new name of it is. But it used to  
10          be called the Trophy Trust. I know the name was  
11          changed, but I don't know what it was.

12          Q.    When was the name changed?

13          A.    It was either in the year 2000 or late  
14          in the year 2002. It was probably in the year  
15          2000 -- I'm sorry. I said it wrong. Probably in  
16          the year 2003. Could have been as far back ago  
17          as late 2002.

18          Q.    Why was the name changed?

19          A.    I don't know.

20          Q.    Does the name Guerdon, G-U-E-R-D-O-N,  
21          Trust ring a bell to you?

22          A.    Yes.

23          Q.    Was that the name of the new trust?

24          A.    Yes.

25          Q.    Did you ever have any conversations

1 A. Out of conservatism.

2 Q. I want to go back to some of the things  
3 you just described. You said that Dean and  
4 Barbara Jupiter were the grantors. Can you tell  
5 me what that means to you?

6 A. By definition, a trust has to have a  
7 party that paid funds into the trust to create  
8 the trust. That was Dean Jupiter.

9 Q. Did Dean Jupiter tell you what the  
10 purpose of the Dean J. Jupiter Trust was?

11 A. Yes. To get a better return on his  
12 investment dollar than he was getting through the  
13 investments that he had previously been involved  
14 with.

15 Q. Was that what he told you -- well, let  
16 me back up. When was the Dean J. Jupiter Trust  
17 created?

18 A. 1997.

19 Q. And the objective you just described to  
20 me for the creation of the Dean J. Jupiter Trust,  
21 was that the objective at the time the trust was  
22 created?

23 A. Yes. We had received information from  
24 Bahamian investment advisors that they could  
25 provide a high return on investment, and Dean



1 wanted to set up funds for the benefit of his  
2 children, long-term estate tax planning,  
3 traditional standard maneuvers, and told me that  
4 he was going to get a substantial return on his  
5 investment, which he never did.

6 Q. Did you at any time ask him if his  
7 objectives for the Dean J. Jupiter Trust had  
8 changed from what he told you at the time it was  
9 created?

10 A. We discussed it many times, the issue  
11 of what his objectives were, and his objectives  
12 were to provide long-term transfer of net worth  
13 to his children and to get a high return on his  
14 investment because he had -- was not doing so  
15 well with this investments through Merrill Lynch  
16 in the U.S.

17 Q. Did you ever have a conversation with  
18 Mr. Jupiter relating to the Dean J. Jupiter Trust  
19 that in any way referenced avoiding attachment by  
20 the U.S. Government of his assets?

21 A. Yes.

22 Q. Can you tell me about those  
23 conversations?

24 A. He was advised by the Bahamian group  
25 that their banking privacy laws protected his

1 investment in the Bahamas from any outside  
2 jurisdiction. I was present at meetings where  
3 they said that. "They" being a number of  
4 different people over time.

5 Q. Okay. When you say "outside  
6 jurisdiction," what does that mean to you?

7 A. Anything outside of the Bahamas.

8 Q. When you say the Bahamian group, can  
9 you tell me to whom you are referring?

10 A. Over the years there were at least a  
11 dozen different people involved. Would you like  
12 me to try and recite who those were?

13 Q. Well, why don't you just identify for  
14 me the ones that Mr. Jupiter eventually ended up  
15 doing business with?

16 A. James Hoar, H-O-A-R, Koors -- not  
17 Koors, Coutts -- Coutts & Company, C-O-U-T-T-S.  
18 Coutts & Company, they were a wholly-owned  
19 subsidiary of one of the world's largest banks in  
20 London, which is Nat West, N-A-T -- that's a  
21 short term -- maybe it's National Westminster.  
22 But they call it Nat West. That's what I know it  
23 by, Nat West. The London World Class Bank owned  
24 a subsidiary in Nassau called Coutts & Company.  
25 James Hoar was their senior vice-president.

1 before October?

2 THE WITNESS: I do. Although I haven't  
3 scheduled the preparation of those returns  
4 yet because I don't have the information and  
5 because I'm very busy, for those two reasons.

6 MR. MONTOYA: Do you know the current  
7 balance of assets in the Guerdon Trust that  
8 we've talked about?

9 THE WITNESS: No.

10 MR. MONTOYA: Can you give me an  
11 estimate as to what the value --

12 THE WITNESS: An estimate is about  
13 800,000.

14 MR. MONTOYA: \$800,000?

15 THE WITNESS: Yes.

16 MR. MONTOYA: I'm going to ask you, as  
17 Miss Gemski pointed out earlier, to please  
18 wait until I finish a question before you  
19 respond.

20 BY MS. GEMSKI:

21 Q. When you were answering Mr. Montoya's  
22 questions, you said you haven't gotten the  
23 information you need, in other words, to file the  
24 tax returns related to Dean Jupiter. What  
25 information are you referring to?



1 A. No.

2 Q. Other than yourself, do you know of any  
3 of -- any other protectors for the  
4 Dean J. Jupiter Trust or the Trophy Trust/Guerdon  
5 Trust?

6 A. There were protectors before me and  
7 after me. I don't know who they are. Alan Cole,  
8 at one time, was a protector when he wasn't a  
9 trustee, when he was between license renewals.

10 Q. When you say "between license  
11 renewals," what --

12 A. He had a regulatory problem in the  
13 Bahamas where he couldn't serve as a trustee  
14 because the corporation that he worked for had a  
15 licensing issue with their regulators, and he had  
16 to find a substitute trustee in the interim  
17 period. And during that substitute era, he  
18 became the protector, individually was the  
19 protector. I remember that.

20 Q. Do you have any knowledge about the  
21 Dean J. Jupiter Homestead Trust?

22 A. Yes.

23 Q. Can you tell me what that is?

24 A. Dean J. Jupiter and Barbara Jupiter  
25 sold their house in Coral Springs, Florida, and

1 the proceeds went into that homestead trust you  
2 named.

3 Q. Did Mr. Jupiter tell you why that was  
4 set up that way?

5 A. I was very much involved with it.  
6 Barbara Jupiter was interested in protecting her  
7 marital asset and her rights to the proceeds of  
8 which there were many rights that she had. And  
9 she imposed upon me to find the right attorney to  
10 do the right things with the proceeds, and we  
11 retained counsel, and counsel set up homestead  
12 trust.

13 Q. And the counsel you're referring to is  
14 who?

15 A. There were two. Dan Hughes was one,  
16 and Ed Phillips was another.

17 Q. And to your knowledge, were the  
18 proceeds of the sale of the Jupiter home put into  
19 the Jupiter Homestead Trust?

20 A. Yes.

21 Q. And as of today, are there any assets  
22 in the Jupiter homestead trust?

23 A. No.

24 Q. And how is it that you know there's no  
25 assets in that trust?

1           A.    Because by definition, the trust can  
2   only exist for six months. I was told six months  
3   was the termination of the trust. The funds were  
4   in there for six months.

5           Q.    How much funds were put in the  
6   Dean Jupiter Trust? Pardon me. I'll start that  
7   question all over again.

8                   How much proceeds of the sale of the  
9   Jupiter home were put into the Jupiter Homestead  
10   Trust?

11          A.    All of the proceeds from the sale of  
12   the residence, which I will estimate at \$1.2  
13   million.

14          Q.    And what happened to the money from  
15   there?

16          A.    It was transferred at Barbara Jupiter's  
17   direction into another foreign trust.

18          Q.    Which was which trust?

19          A.    Which at that time was the Trophy  
20   Trust.

21          Q.    And what is the balance in the Trophy  
22   Trust today?

23          A.    I don't know, but I had guessed earlier  
24   for Paul that it was 800,000. The last time I  
25   saw a report, it was in that range, 800,000.



1 Q. When was the last time you saw that  
2 report?

3 A. Well, a year ago when I did the tax  
4 return.

5 Q. Have you ever heard of anything called  
6 the Jupiter Family Trust?

7 A. Yes.

8 Q. Can you tell me what you know about  
9 that?

10 A. It was basically a nonevent. It was  
11 formed maybe in the early '90s, and it was never  
12 used. It was like -- it was -- the intention of  
13 it was to put assets into it as a family trust,  
14 but I don't think it was ever used. If it was,  
15 it wasn't significant.

16 Q. You've talked previously about filing  
17 tax returns on the Jupiter-related trusts. Would  
18 those tax returns have reflected all of the  
19 distributions of assets out of those trusts  
20 during the reporting year?

21 A. Yes.

22 Q. Okay. Do you know of any disbursement  
23 of any assets from any of the Jupiter-related  
24 trust funds for the tax year 2003?

25 A. Yes.